

INCOMING TELEGRAM *Department of State*

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VV MJA835JIA881

RR RUEHC

DE RUMJIR 268A 0051615

ZNR UUUUU

R 051415Z

FM AMEMBASSY SAIGON

TO RUEHC/SECSTATE WASHDC (2406)

INFO RUHLHQ/CINCPAC 981

RUMIEK/AMEMBASSY BANGKOK 598

ZEN/AMCONSUL HUE UNN

STATE GRNC

BT

UNCLAS JAN FIVE

PASS USIA, DOD, AID

1. DAVID E. BELL, AID ADMINISTRATOR, GAVE NEW CONFERENCE
1400 LOCAL TIME 5 JANUARY SHORTLY PRIOR DEPARTURE.2. BELL STARTED WITH BRIEF REMARKS SAYING DURING VISIT HE
LOOKED INTO GENERAL ECONOMIC SITUATION AND AID PROGRAM. HE
NOTED BUDGETARY DEFICIT, BIG CONSTRUCTION PROGRAM, BIDDING FOR
SKILLED MANPOWER, VARIOUS MATERIALS ALL CAUSING INFLATIONARY
PRESSURES. SAID HE TALKED WITH VARIOUS TOP GVN OFFICIALS
(TRUONG THAI TON, MINISTER OF ECONOMY AND FINANCE, TRAN-VAN-KHIEM,PAGE 2 RUMJIR 268A UNCLAS
MINISTER OF FINANCE AND GOVERNOR OF THE BANK OF VIET-NAM).
BELL SAID THESE OFFICIALS VERY CONCERNED THE SITUATION, ALREADY
TAKEN IMPORTANT STEPS WILL TAKE OTHERS IN NEAR FUTURE. HE
NOTED THEY LIMITING GVN BUDGET FOR 1966 TO 55 THOUSAND MILLION
PIASTERS. BELL CALLED IT AN QUOTE AUSTERITY BUDGET UNQUOTE
SAID U.S. GRATIFIED WITH IT.3. SAID ONE ANTI-INFLATIONARY MEASURE U.S. TAKING WAS TO
INCREASE FLOW IMPORTS INTO GVN. SAID THIS WOULD REQUIRE CLOSEST
CONTINUING U.S. GMZ TEAMWORK.4. BELL SAID VISITED USOM OPERATIONS DANANG, QUI NHON, NHA TRANG
THIS TRIP, SEEN DELTA OPERATIONS OTHER TRIPS. PRAISED EXTREMELY
VALUABLE WORK PROVINCE REPS DOING COLLABORATION WITH HAMLET,
VILLAGE, DISTRICT, PROVINCE OFFICIALS IN SUCH FIELDS AS
EDUCATION, PUBLIC HEALTH AND OTHERS. HE SAID THIS MOVING AHEAD
WELL DESPITE DIFFICULT SECURITY PROBLEM.

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-2- 2406, JANUARY 5, FROM SAIGON

5. BELL SAID HE FOUND REFUGEE CARE BETTER THAN HE EXPECTED ALTHOUGH PROBLEM SERIOUS, WILL BE FOR SOME TIME. HE NOTED THAT WHILE REFUGEE HOUSING NOT GOOD AS WOULD LIKE, REFUGEES NOT EXPOSED TO ELEMENTS. SAID CARE, CATHOLIC RELIEF AGENCIES HELPING OUT ON FOOD, CLOTHING SHELTER, WORK OPPORTUNITIES,

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AND HELP SOME REFUGEES RETURN HOME.

6. BELL SAID IN COMING YEAR AID WILL CONCENTRATE EFFORTS TO SUPPORT RURAL CONSTRUCTION. INTENSE EFFORT WILL BE MADE CERTAIN PRIORITY AREAS TO RESTORE PEACEFUL, CONSTRUCTIVE EXISTENCE FOR AREAS CLEARED OF VIET CONG. BELL SAID THIS WOULDN'T BE COMPLETED IN LARGE AREAS BUT (#) 7

THIS DONE. SAID USOM WOULD ADD TO STAFF, INCREASE REGIONAL

PROVINCIAL OFFICERS, DECENTRALIZE FROM SAIGON. BELL SAID STRONGLY IMPRESSED WITH QUALITY, DEDICATION USOM STAFF IN SAIGON, ESPECIALLY IN FIELD.

7. REPLYING QUESTIONS, BELL MADE FOLLOWING POINTS:

A. VIET-NAM HAS EXCELLENT CHANCE BECOME SELF-SUSTAINING ECONOMICALLY ONCE WAR ENDS. THEY HAVE RICH TIMBER, FISH, FOOD, MINERAL, HUMAN RESOURCES. THERE ENORMOUS JOB RECONSTRUCTION TO BE DONE.

B. WE ALWAYS INTERESTED INDUSTRIALIZATION BUT NOT HIGH PRIORITY. COMPLETED 12,500 KILOWATT GAS TURBINE ELECTRIC PLANT SAIGON RECENTLY. ANOTHER BIG POWER PLANT DUE BE COMPLETED LATE JANUARY OR EARLY FEBRUARY IF YOU CONSIDER ELECTRIC POWER PRODUCTION INDUSTRIALIZATION.

C. FEW YEARS AGO THERE EXCESS RESOURCES, LABOR. NOW BOOM ECONOMY DUE WAR.

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D. CANNOT COMMENT GVN ANTI-INFLATIONARY STEPS ENVISAGED. USOM WORKING CLOSELY WITH MACV MINIMIZE IMPACT MILITARY BUILDUP ON ECONOMY. POST EXCHANGES FOR TROOPS, MEASURES TO ENCOURAGE TROOPS SAVE PAY RATHER THAN SPEND IT, CAREFUL SCREENING ALL MILITARY CONSTRUCTION PROJECTS TO ASSURE THEY ABSOLUTELY ESSENTIAL. MILITARY CONSTRUCTION STANDARDS LOW AS POSSIBLE. SHOULD BE RECOGNIZED IN LONG RUN MILITARY CONSTRUCTION HELPFUL BECAUSE LABOR, MANAGERIAL SKILLS VIETNAMESE

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DEVELOPING.

E. CIP AND PL 480 FOR COMING FISCAL YEAR WILL BE ROUGHLY DOUBLE PRESENT 200 MILLION DOLLAR ANNUAL RATE. THERE WILL BE SUBSTANTIAL INCREASE IN 130 MILLION DOLLAR CURRENT ANNUAL RATE FOR TECHNICAL AID.

F. WE WORKING HARD ON PORT QUESTION. NY PORT AUTHORITY EXPERT THINKS CAPACITY CAN BE SUBSTANTIALLY EXPANDED IN RELATIVELY SHORT ORDER. STEPS BEING TAKEN TO MOVE MILITARY CARGOES INTO PORTS OTHER THAN SAIGON. MORE LIGHTERS BEING BROUGHT IN. PORT SAIGON NOW WORKING 20 HOURS DAY. OTHER STEPS BEING TAKEN TO SPEED UNLOADING, DISPERSAL CARGOES.

G. RESOURCES CONTROL TIGHTENING. POLICE MORE THAN DOUBLED.

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GOOD DEAL CONTRABAND FOUND. VC CAN BUY THINGS THEY NEED ON SAIGON MARKET BUT RESOURCES CONTROL MAKES THEIR MOVEMENT TO VC AREAS DIFFICULT. THERE NO EVIDENCE DEVERSION AID FINANCED IMPORTS LARGE.

H. SENATORS, CONGRESSMEN WHO HAD BEEN VIET-NAM AND TO WHOM BELL TALKED IMPRESSED WITH AID PROGRAM VIET-NAM. BELL SAID WOULD BE SURPRISED IF THERE ANY SUBSTANTIAL CONGRESSIONAL OPPOSITION TO VIET-NAM PROGRAM, WHICH LARGEST IN WORLD. NOTED GVN EARNING MORE FOREIGN EXCHANGE THEN EVER BECAUSE OF TROOP, CONSTRUCTION SPENDING.

LODGE

(#) OMISSION. CORRECTION TO FOLLOW.

PASSED USIA, DOD, 1/5/66, 2:45 P.M.

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